FIRST SET OF DOCUMENT AND INFORMATION REQUESTS OF
THE DEPARTMENT OF COMMUNICATIONS AND ENERGY TO
BOSTON GAS COMPANY, COLONIAL GAS COMPANY AND ESSEX GAS COMPANY
D/B/A KEYSPAN ENERGY DELIVERY NEW ENGLAND

D.T.E. 04-62

Respondent: Elizabeth Danehy Arangio

Information Request DTE 1-19

Q. Refer to Exhibit KED/EDA-1, Page 14. With reference to KeySpan's most recent Forecast and Supply Plan approved by the Department in D.T.E. 01-105, explain the reasons for the excess/shortfall in resource contracts for Boston Gas, Colonial, and Essex relative to each Company's total customer requirements on the forecasted peak day in 2003-04.

A. In the Company's response to Information Request AG 1-4 in D.T.E. 01-105, the Company provided G-tables by operating company (i.e., Boston, Essex, Colonial-Lowell, and Colonial-Cape Cod). On a company-by-company basis on the design day, the companies were relying on incremental citygate purchases in the following volumes:

	2003/04 Design Day Citygate Requirements (MMBtu)
Boston	3,000
Essex	7,000
Colonial	0

These requirements were based on the Company's SENDOUT® model analysis that optimized the use of the Company's existing resource portfolio.

In KED/EDA-4(a), the Company listed the following LDC pipeline deficits:

	2003/04 LDC Pipeline Deficits (MMBtu)
Boston	0
Essex	19,164
Colonial	0

These requirements were based on the Company's analysis to quantify the magnitude of LDC pipeline growth capacity (or deficit) by maximizing the use of the Company's on-system supplementals facilities and upstream underground storage assets without regard to cost optimization.

There are two principle factors driving the change in Boston Gas requirements: (1) the return of 35,000 MMBtu/day of pipeline capacity on Iroquois and Tennessee pipelines following the Enron bankruptcy; and, (2) the lower growth in design-year requirements for 2003/04 relative to the forecast set forth in D.T.E. 01-105, as shown in the tables below.

In D.T.E. 01-105, the Company forecast the following growth in design year requirements for Boston Gas:

	2001/02 Design Year Requirements (BBtu)	2003/04 Design Year Requirements (BBtu)	Per Annum Percent Growth
Boston	87,904	95,068	4.0 %

Using the design year forecast values for 2003/04, as provided in Exhibit KED/EDA-4 (b) and KED/EDA-4(c), and the same 2001/02 reference year as above, design-year growth for Boston is summarized as follows:

	2001/02 Design Year Requirements (BBtu)	2003/04 Design Year Requirements (BBtu)	Per Annum Percent Growth
Boston	87,904	91,029	1.8 %

As for Essex, the difference between the 2003/04 Design Year Citygate Requirements from D.T.E. 01-105 (7,000 MMBtu) and the 2003/04 LDC Pipeline Deficit in KED/EDA-4 (a) (19,164 MMBtu) is driven by the difference in the modeling assumptions used in the two analyses. In the D.T.E. 01-105 analysis, the Company modeled the Essex system as having available to it the excess resources in the combined KeySpan resource portfolio. Thus, its Design Year Citygate Requirements were its incremental resource need above and beyond the resources available to it from the combined portfolio. In the Company's present analysis, the Essex LDC Pipeline Deficit is its total resource requirement on a standalone basis. Although the D.T.E. 01-105 incremental capacity need for Essex was 7,000 MMBtu/day, the Company's current analysis attributes a need of 5,000 MMBtu/day. This reduction is also attributable to lower growth than forecast in D.T.E. 01-105. In D.T.E. 01-105, the Company forecast the following growth in design year requirements for Essex:

	2001/02 Design Year Requirements (BBtu)	2003/04 Design Year Requirements (BBtu)	Per Annum Percent Growth
Essex	6,883	7,243	2.6 %

Using the design year forecast values for 2003/04, as provided in Exhibit KED/EDA-4(b) and KED/EDA-4(c), and the same 2001/02 reference year as above, design year growth for Essex is summarized as follows:

	2001/02 Design Year Requirements (BBtu)	2003/04 Design Year Requirements (BBtu)	Per Annum Percent Growth
Essex	6,883	7,146	1.9 %